

Comments of Thomas J. Kostosky
Draft 2008 QAP Public Hearing
September 13, 2007
Lansing, Michigan

Hello, my name is Tom Kostosky, owner of The Forest Group. I am a provider of affordable housing. I have been involved in the development of over 30 tax credit affordable housing communities, primarily in Michigan but also in other states, over a time period of about 20 years. I have previously provided written comments to MSHDA relating to the draft QAP, but I have additional comments to make at this public hearing.

Master Plan for affordable Housing in Michigan?

If there is a master plan, can it be shared with the providers in one unified whole, not piecemeal.

The draft QAP smacks of **Reverse Discrimination**. If Lansing, or Grand Rapids, or Kalamazoo were granted a 50% set aside, the Detroit development community would create an uproar, and justifiably so.

Under the draft QAP my calculations show that those providers who have created 85% of the affordable housing in Michigan would be limited to competing (not allocated) for 16% of the total funding, which smacks of **Disenfranchisement of the for-profit affordable housing providers with a track record**.

The draft QAP is **Counter Economic Development**. Others will comment on the statewide negative effect of this proposed QAP. However, I would like to give you an idea of how this would personally affect my business:

- Effective immediately, I will terminate the search for one full time employee and for one MSU intern on the work-learn program.
- I will be denied the chance for founding of the two 9% tax credit application that have already been submitted to MSHDA, and have gone through municipal approval, architectural design, engineering and other pre-development costs already incurred of over \$150,000.
- The land for the projects will not be purchased.
- The General Contractor will not receive a construction contract award.
- The sub-contractors, their laborers and suppliers will not be paid.

This would result in a net loss of construction jobs, land sale proceeds, and long term operating revenues.

In other words, **I will be damaged** as a result of this draft QAP.

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This draft QAP also smacks of **Reverse Redlining or Steering**. Funds are being effectively steered toward a specific geographic area instead of on financial merit.

As a result of my review of this draft QAP, **I have obtained private legal counsel** to consider my legal options.

Prior to that, I plan to file through the **Freedom of Information Act** for the production of the following items among others;

All work papers including financial models pertaining to the draft QAP

- Minutes of all meeting held pertaining to the draft QAP
- Internal Memos including all MSHDA correspondence regarding the draft QAP
- All other documents, faxes, and e-mails relating to the draft QAP
- Possible violations of the Open Meetings act
- Possible mis-allocation of Federal Resources

Thank you.